

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

December 8, 2021

Revised

McEvoy Apartments, located at 280 McEvoy Street in San Jose, requested and is being recommended for a reservation of \$6,043,997 in annual federal tax credits to finance the new construction of 222 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by First Community Housing and will be located in Senate District 15 and Assembly District 28.

The project will be receiving rental assistance in the form of VASH Project-based Vouchers.

Project Number CA-21-746

Project Name McEvoy Apartments
Site Address: 280 McEvoy Street
San Jose, CA 95126 County: Santa Clara
Census Tract: 5019.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$6,043,997	\$0
Recommended:	\$6,043,997	\$0

Applicant Information

Applicant: McEvoy Street, LP
Contact: Sophie Rubin
Address: 75 E Santa Clara Street, Suite 1300
San Jose, CA 95113
Phone: (408) 291-8650
Email: sophier@firsthousing.org

General Partner(s) or Principal Owner(s): McEvoy Street, LLC
General Partner Type: Nonprofit
Parent Company(ies): First Community Housing
Developer: First Community Housing
Bond Issuer: City of San Jose
Investor/Consultant: The California Housing Partnership Corporation
Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 224
 No. / % of Low Income Units: 222 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / VASH Project-based Vouchers (20 units - 9%)

Information

Housing Type: Non-Targeted
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 112	50%
50% AMI: 20	9%
60% AMI: 90	41%

Unit Mix

140 SRO/Studio Units
84 1-Bedroom Units
<u>224 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
84 SRO/Studio	30%	\$870
28 1 Bedroom	30%	\$932
56 SRO/Studio	60%	\$1,395
34 1 Bedroom	60%	\$1,642
20 1 Bedroom	50%	\$1,553
2 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$9,876,001
Construction Costs	\$87,383,937
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,369,197
Soft Cost Contingency	\$1,200,000
Relocation	\$0
Architectural/Engineering	\$6,009,712
Const. Interest, Perm. Financing	\$9,854,819
Legal Fees	\$205,000
Reserves	\$1,459,122
Other Costs	\$4,529,280
Developer Fee	\$7,289,025
Commercial Costs	\$0
Total	\$132,176,093

Residential

Construction Cost Per Square Foot:	\$281
Per Unit Cost:	\$590,072
True Cash Per Unit Cost*:	\$579,764

Construction Financing

Source	Amount
Citi - Tax Exempt	\$64,160,884
Citi - Taxable	\$8,288,098
City of San Jose	\$20,000,000
Santa Clara County	\$26,251,843
Accrued / Deferred Interest	\$1,565,754
Deferred Costs	\$4,326,402
Deferred Developer Fee	\$2,309,025
General Partner Capital	\$100
Tax Credit Equity	\$5,273,987

Permanent Financing

Source	Amount
Citi - Tax Exempt	\$16,144,000
City of San Jose	\$20,000,000
Santa Clara County	\$26,251,843
Apple	\$12,000,000
Accrued / Deferred Interest	\$701,753
Deferred Developer Fee	\$2,309,025
General Partner Capital	\$100
Tax Credit Equity	\$54,769,372
TOTAL	\$132,176,093

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$116,230,710
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$151,099,923
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$6,043,997
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,289,025
Investor/Consultant:	The California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.90618

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.